

CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 07/27/04

AGENDA ITEM 2

WORK SESSION ITEM

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Hayward Boys and Girls Club

RECOMMENDATION:

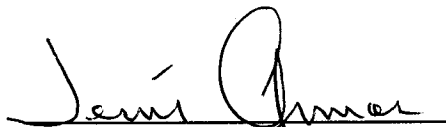
It is recommended that the City Council adopt the attached resolution pertaining to the acquisition of the Hayward Boys and Girls Club facility.

DISCUSSION:

At its March 30 meeting, the City Council authorized the acquisition of the Boys and Girls Club of Hayward (Club) for an amount equal to the remaining balance of the mortgage, approximately \$1.2 million. At that time, staff reported that if it was necessary to revise the documents pertaining to the outstanding loan then staff would return to Council as appropriate. Since the Council's authorization to proceed with the acquisition, staff has reviewed the existing loan and met with the lender, Community Banks of Tracy. The present financing is not an amortizing loan, but rather an interest only loan at 7% with the full amount due in a little over five years. This type of financing is not advantageous to the City. In the past, the City has financed capital projects with leases, usually in conjunction with certificates of participation. Staff recommends that this method be used in this case as well.

Under this type of financing the lessor will provide the funding to the City to payoff the current loan. Then, the City will make lease payments over the payback period that will retire the debt and at the end of which the property will be transferred to the City. Based on current market conditions the interest rate would be 5% to 6%, with a payback period of 12 years. The approximate annual payment would be \$155,000. Since this is a property acquisition, there will be additional costs associated with the transaction such as an appraisal, title insurance, counsel tax opinion, etc. These costs will be included in the total borrowing. It is estimated that these costs will not exceed \$50,000.

If Council approves the attached resolution then staff estimates that the acquisition will be completed in approximately 60 days.


Jesús Armas, City Manager

Attachment: Resolution

CITY OF HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION OF THE CITY OF HAYWARD AUTHORIZING
THE ACQUISITION OF THE BOYS AND GIRLS CLUB OF
HAYWARD, AUTHORIZING AND DIRECTING EXECUTION
OF RELATED LEASE FINANCING DOCUMENTS, AND
AUTHORIZING OFFICIAL ACTIONS

WHEREAS, the City of Hayward (the "City") has previously determined that it is in the best interests of the City to acquire the facility presently being used by the Boys and Girls Club of Hayward (the "Club"), located at 28200 Ruus Road, Hayward in Hayward (the "Facility"); and

WHEREAS, the City wishes to finance the acquisition of the Facility through tax-exempt lease financing; and

WHEREAS, it is in the public interest and for the public benefit that the City authorize and direct solicitation of lease financing proposals and the execution of financing documents in connection with the acquisition of the Facility and the lease financing of the Facility.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Hayward:

Section 1. Acquisition of the Facility. The City hereby approves the acquisition of the Facility for a total purchase price of not-to-exceed \$1,250,000 (the "Purchase Price"), which amount includes all costs associated with the acquisition and the lease financing of the Facility.

Section 2. Lease Financing. The City hereby approves the sale of the Certificates by public sale. The form of the Official Notice of Sale on file with the City Clerk is hereby approved. The Finance Director or the City Manger (each, an "Authorized Officer") is hereby authorized to accept the best bid for the lease financing of the Facility, which proposal is acceptable to the Authorized Officer, so long as the interest rate submitted does not exceed 6%, and the principal amount of the lease financing does not exceed the Purchase Price.

Section 3. Appointment of Bond Counsel. Jones Hall, a Professional Law Corporation, is hereby appointed bond counsel in connection with the lease financing, and the Finance Director is hereby authorized to execute a letter agreement for legal services with Jones Hall, relating to the lease financing, in substantially the from on file with the Finance Director.

Section 4. Official Actions. The Mayor, the City Manager, the Finance Director, the City Clerk and all other officer of the City are each authorized and directed in the name and on behalf of the City to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the documents approved pursuant to this resolution. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer shall be absent or unavailable.

Section 5. Effective Date. This resolution shall take effect from and after the date of approval and adoption thereof.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward